

# **State of Alaska FY2006 Governor's Operating Budget**

**Dept. of Commerce, Community, and Economic Dev.  
Alaska Seafood Marketing Institute  
RDU/Component Budget Summary**

**RDU/Component: Alaska Seafood Marketing Institute***(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

- 1) Increase Domestic and International awareness of Alaska Seafood and
- 2) Promote the quality and positive attributes of Alaska Seafood.

**Core Services**

- Retail Promotions
- Food Service Promotions
- Seafood Quality Technical Support
- Public Relation and Communications

The end results, strategies, and performance measures for this component are currently under review and are being revised.

End Results	Strategies to Achieve Results
<b>A: Increase Awareness of positive attributes of, and stimulate demand for, Alaska Seafood</b>  <u>Target #1:</u> 10% increase in awareness of positive attributes of Alaska Seafood <u>Measure #1:</u> Media coverage, surveys and customer feedback  <u>Target #2:</u> 5% increase in promotional effort for Alaska Seafood <u>Measure #2:</u> Retail, foodservice, and public relations promotional effort (partnerships, store outlets, publications).	<b>A1: Conduct retail and foodservice promotions, public relations activity, and technical education on the quality and positive attributes of Alaska Seafood</b>  <u>Target #1:</u> 2% increase in number of retail and foodservice outlets offering Alaska Seafood <u>Measure #1:</u> Promotional partnerships, store days increased over last year  <u>Target #2:</u> 5% increase in positive articles about Alaska Seafood in trade and consumer publications over last year <u>Measure #2:</u> Increase in numbers of articles over last year  <u>Target #3:</u> Maintain number of educational presentations at relevant conferences, quality workshops and seminars <u>Measure #3:</u> Number of requests for workshops, presentations and technical materials, compared to last year

**Major Activities to Advance Strategies**

- Use customized promotion methods to build on strong brand name equity and increase demand for Alaska Seafood products
- Work with broad line foodservice distributors to
- Build a customer base in other segments that offer best sales and promotional opportunities (e.g.colleges and universities, catering, non-commercial)
- Aid all parts of the Alaska Seafood industry, including

### Major Activities to Advance Strategies

maximize Alaska seafood penetration in the marketplace • Use customized promotion methods with grocery retailers and foodservice operators to differentiate Alaska Seafood from farmed products • Work directly with restaurant chains to increase number of restaurants that feature Alaska Seafood on their menu	large and small processors, regional marketers and harvesters • Use customized seasonal promotions to promote seafood products • Promote in the "shoulder" seasons to keep the customer interest for Alaskan seafood
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### FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$15,115,000	<b>Personnel:</b>	
	Full time	18
	Part time	0
	<b>Total</b>	<b>18</b>

### Performance Measure Detail

#### A: Result - Increase Awareness of positive attributes of, and stimulate demand for, Alaska Seafood

**Target #1:** 10% increase in awareness of positive attributes of Alaska Seafood

**Measure #1:** Media coverage, surveys and customer feedback

**Analysis of results and challenges:** This is a new measure and will be calculated starting in FY04.

**Target #2:** 5% increase in promotional effort for Alaska Seafood

**Measure #2:** Retail, foodservice, and public relations promotional effort (partnerships, store outlets, publications).

**Analysis of results and challenges:** This is a new measure and will be calculated starting in FY04.

#### A1: Strategy - Conduct retail and foodservice promotions, public relations activity, and technical education on the quality and positive attributes of Alaska Seafood

**Target #1:** 2% increase in number of retail and foodservice outlets offering Alaska Seafood

**Measure #1:** Promotional partnerships, store days increased over last year

**Analysis of results and challenges:** This is a new measure and will be calculated starting in FY04.

**Target #2:** 5% increase in positive articles about Alaska Seafood in trade and consumer publications over last year

**Measure #2:** Increase in numbers of articles over last year

**Analysis of results and challenges:** This is a new measure and will be calculated starting in FY04.

**Target #3:** Maintain number of educational presentations at relevant conferences, quality workshops and seminars

**Measure #3:** Number of requests for workshops, presentations and technical materials, compared to last year

**Analysis of results and challenges:** This is a new measure and will be calculated starting in FY04.

## Key Component Challenges

The global market glut of farmed salmon has reduced salmon to a commodity which results in significant, and continuing, downward pressure on price paid to fishers and processors.

Farmed halibut, cod and tilapia are beginning to affect prices in the whitefish and surimi markets much as farmed salmon did a decade ago.

Product form and quality, primarily for Alaska salmon, are not in line with market trends and consumer demands (e.g. skinless, boneless filets of consistent quality).

Inflammatory messages in the media about possible contaminants in seafood affect all seafood's image in the consumer's mind and make further protein market penetration by the seafood industry more difficult.

Limited marketing funds, as compared to the marketing funds of other protein commodity groups, reduce ASMI's ability to impact the market place in the face of stiff well funded competition which includes farmed aquacultural products, both domestic and foreign and other forms of proteins, beef, pork, chicken and dairy products.

## Significant Changes in Results to be Delivered in FY2006

With additional funding, aggressive new long-term advertising campaigns will begin in fiscal year 2006.

## Major Component Accomplishments in 2004

The ASMI Board was restructured from a 25-member board to a 7-member board by Legislative process. The new ASMI Board has already met a number of times this year to plan and strategize for the future and determine how ASMI will be more efficient in the fast changing marketing world.

The rapid consolidation of the food business taking place around the world, has increased the value of ASMI's access to corporate offices. This access has been successfully leveraged to increase the number of corporate partnerships, accomplishing increased use and awareness of the Alaska Seafood brand and companion brands (Alaska Salmon, Alaska Crab, Alaska Halibut, Alaska Pollock, Alaska Cod). The reach and impact of the brand have expanded, although the total number of business entities operating in the food sector has contracted.

The relationships developed by ASMI with the nation's top food business corporations (grocery retailers, restaurant operators and foodservice distributors) have built brand equity for Alaska Seafood: it has been made the **SECOND** most popular food brand on menus of the top 500 U.S. restaurant chains- this is up from 3rd place in 2001, the ten most common being- Oreo, Alaska or Alaskan Fish or seafood, Kahlua, Certified Angus Beef, Bailey's, Amaretto, Jack Daniel, Hershey's, Idaho Potatoes and Gardenburger. Growth in the number of partnerships in US and overseas markets has led to more people than ever before being exposed to the brand and key messages about what it stands for; they understand value, quality, sustainability, and healthfulness of wild-caught Alaska salmon and other seafood species. These key messages are communicated throughout the supply chain to large scale foodservice distributors, grocery store chains, chefs and restaurant operators, and to their respective customers, building demand for Alaska Seafood.

ASMI, along with over 170 new partners and other established partners comprising thousands of accounts/stores in the Export market and the Domestic programs, continues its mission of Increasing Domestic & International awareness of Alaska Seafood and Promoting the quality and positive attributes of Alaska Seafood.

## Statutory and Regulatory Authority

AS 16.51.010-180	Alaska Seafood Marketing Institute
AS 43.76.110-130	Salmon Marketing Tax
15 AAC 116.600-700	Seafood Marketing Assessment on Processors

Contact Information
<p><b>Contact:</b> Earnest R. Riutta, Executive Director <b>Phone:</b> (907) 465-5560 <b>Fax:</b> (907) 465-5572 <b>E-mail:</b> ray_riutta@commerce.state.ak.us</p>

### Alaska Seafood Marketing Institute Component Financial Summary

*All dollars shown in thousands*

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,349.7	1,424.6	1,466.7
72000 Travel	311.7	418.0	418.0
73000 Services	7,330.0	9,066.8	9,041.8
74000 Commodities	169.8	180.0	180.0
75000 Capital Outlay	17.3	8.5	8.5
77000 Grants, Benefits	0.0	0.0	4,000.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>9,178.5</b>	<b>11,097.9</b>	<b>15,115.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	3,769.2	5,500.0	5,500.0
1007 Inter-Agency Receipts	70.8	0.0	0.0
1156 Receipt Supported Services	5,338.5	5,597.9	9,615.0
<b>Funding Totals</b>	<b>9,178.5</b>	<b>11,097.9</b>	<b>15,115.0</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Unrestricted Revenues</b>				
Receipt Supported Services	51073	4.1	0.0	0.0
Unrestricted Fund	68515	4.1	0.0	0.0
<b>Unrestricted Total</b>		<b>8.2</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	3,769.2	5,500.0	5,500.0
Interagency Receipts	51015	70.8	0.0	0.0
Receipt Supported Services	51073	5,338.5	5,597.9	9,615.0
<b>Restricted Total</b>		<b>9,178.5</b>	<b>11,097.9</b>	<b>15,115.0</b>
<b>Total Estimated Revenues</b>		<b>9,186.7</b>	<b>11,097.9</b>	<b>15,115.0</b>

**Summary of Component Budget Changes  
From FY2005 Management Plan to FY2006 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2005 Management Plan</b>	<b>0.0</b>	<b>5,500.0</b>	<b>5,597.9</b>	<b>11,097.9</b>
<b>Adjustments which will continue current level of service:</b>				
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	17.1	17.1
<b>Proposed budget increases:</b>				
-Alaska Fish Marketing Campaigns	0.0	0.0	4,000.0	4,000.0
<b>FY2006 Governor</b>	<b>0.0</b>	<b>5,500.0</b>	<b>9,615.0</b>	<b>15,115.0</b>

### Alaska Seafood Marketing Institute Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2005</u> <u>Management</u> <u>Plan</u>	<u>FY2006</u> <u>Governor</u>		
Full-time	18	18	Annual Salaries	1,081,500
Part-time	0	0	Premium Pay	0
Nonpermanent	1	1	Annual Benefits	497,441
			<i>Less 3.96% Vacancy Factor</i>	(62,541)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>19</b>	<b>19</b>	<b>Total Personal Services</b>	<b>1,516,400</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Technician	0	0	2	0	2
Admin Support Technician	0	0	1	1	2
Administrative Assistant I	0	0	1	0	1
Administrative Officer	0	0	1	0	1
AK Regional Brand Coordinator	0	0	1	0	1
Asst Marketing Director	0	0	0	1	1
Communications Director	0	0	1	0	1
Executive Director	0	0	1	0	1
Export Program Director	0	0	0	1	1
Foodservice Director	0	0	0	1	1
Marketing Assistant	0	0	0	1	1
Marketing Specialist	0	0	0	2	2
Project Assistant	0	0	1	0	1
Quality Assurance Coordinator	0	0	1	0	1
Retail Program Director	0	0	0	1	1
Sr Marketing Spec/Res Analyst	0	0	0	1	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>9</b>	<b>19</b>